

Getting Started with a CDP:

The Complete Guide



The beauty brand Glossier started in 2010 as a blog called Into the Gloss. At the time, founder Emily Weiss had no intention of creating an ecommerce company. She just wanted to document other women's skin-care routines.

After a few years of blogging, Weiss noticed many of the beauty brands her readers were using weren't really listening to their customers. She saw an opportunity to transition her blog into a full-fledged ecommerce company that spoke directly with its customers.

Today, Glossier is an industry-disrupting brand worth [over \\$1 billion](#). Emily credits her company's popularity to its ability to engage with customers beyond the traditional mass-marketing touch points.

"I saw the need for a beauty brand that speaks to its consumers directly, offering them a chance to engage beyond the traditional touchpoints of purchase, use and mass marketing."

Emily Weiss, Founder and CEO, Glossier

The key to Glossier's rapid rise is simple: the brand understands its customers better than competitors do.

That understanding allows Glossier to build a stronger connection with their customers and engage with them in a way that feels natural.

When Glossier was still new, building that close engagement was easy. But as the brand rapidly grew, the team realized that keeping a close connection with their customers was becoming more difficult.

To help make that process easier, the company needed a way to understand and interact with their customers at scale — not an easy task when you're dealing with millions of customers across multiple digital touchpoints.

To pull that off, Glossier implemented a customer data platform (CDP) that gave them a full understanding of their complex customer journey and helped the beauty brand time customer interactions perfectly.

With a deep understanding of their customers, Glossier was able to create personalized marketing campaigns and interact with customers at the most crucial points in the customer journey.

Glossier is a B2C ecommerce company, but unlocking customer data with a CDP isn't reserved only for companies in that category. Any company, from public to private, nonprofit to for-profit, should use a CDP to understand their customers.

Why your company needs a CDP

CDPs do more than just help you understand your customer journey. They also combine data from multiple analytics sources to create a central database of your customers. That database can then be used in a nearly endless number of ways to reach customers in more meaningful ways.

Companies with multiple digital assets — a blog, an ecommerce website, and a mobile app — know that unifying data across these assets can be a struggle. Unifying that data is just one reason a company might use a CDP. With that unified data, companies can take steps toward understanding their customers across all of their digital touch points.

Glossier experienced this benefit firsthand when they implemented a platform to help them understand their customer journey. [They were able](#) to increase their marketing ROI by advertising relevant products to potential customers based on the blog posts they read.

“Segment’s customer data infrastructure helps ensure every single part of our organization puts customers first.”

Bryan Mahoney, Chief Technology Officer, Glossier

CDPs aren’t only for the marketing team; they can help every department that uses customer data. Your sales team, engineering team, product management department, financial operations, and others will also benefit from your CDP for four reasons:

1. You’ll have a single view of the customer

Rather than having customer data sprinkled across multiple systems and tools, your CDP gives you a central place to understand your customers. This single view helps your entire organization understand your customers in the same way.

A single customer view prevents your customer success team from having one view of the customer and your marketing team having another. This can help you provide a consistent customer experience no matter which part of your company customers are interacting with.

This is one of the main reasons that Frame.io [uses a CDP](#). They noticed the customer experience was disjointed when a customer had to contact customer support. If the support request was related to Frame.io’s product, Frame.io had to enlist engineers to sort through internal log files to find out what steps caused the customer’s problem. This created a long time to resolve the customer support ticket. Fortunately for Frame.io, their CDP was able to solve that problem.

2. Your customer data will be more organized

Part of using a CDP is creating and maintaining a [data tracking plan](#). This plan helps you understand the specific data points you’re collecting and the business reason behind doing so.

NAME	WHY	PROPERTIES	LOCATION
Signed up	Key event for use interest, marketing conversion	<code>userLogin</code> <code>type</code> <code>organizationId</code>	/signup after form submission
Data sent	Engagement metric, how we measure active users	<code>ownerId</code> <code>ownerTrialActive</code> <code>calls</code> <code>libraries</code> <code>integrations</code>	Daily job sent from server at 10pm PT
Subscription started	Conversion metric, shows how people pay us	<code>ownerId</code> <code>ownerType</code> <code>ownerEmail</code> <code>planName</code> <code>planValue</code> <code>previousPlan</code>	Account billing page (server side)

The data tracking plan also helps set a specific taxonomy for naming your data-collection events. With standardized naming conventions, you’ll be able to pull insight out of your data more quickly.

3. Your analytics will be more insightful

When your customer data is organized, it’s more usable. Usable data is the foundation of insightful analytics.

Say you’re trying to uncover when users see the value of your product. We usually refer to this as the “aha” moment. It’s the moment when a user says to themselves, “Oh! That’s why people love this product.” Finding that point can help improve your onboarding process because you’ll be able to help users take specific actions that lead to the aha moment.

For example, Slack found their aha moment was when a customer’s team sends [around 2,000 messages](#). Based on that data, they’ve tailored their onboarding in a way that helps teams reach that 2,000-message threshold quickly.

If you were trying to find that aha moment without a CDP, you'd have to pull data from all of your analytics tools and spend time formatting it in a way that allowed you to use it. But when you use a CDP, all that data is already available in the format that you need it to be in.

You can immediately jump in and answer the deep questions, rather than spend time formatting spreadsheets and organizing inconsistent data.

4. Compliance with data privacy laws will be easier

With the [GDPR already in place](#) and the [CCPA coming quickly](#), protecting and respecting data privacy is more important than ever. A CDP can help with both data privacy compliance and data protection for a few reasons:

- Your data tracking plan helps you make a business case for why you're collecting each piece of information.
- You'll have a better handle on where your data is in the event of a data breach.
- Your CDP should be using the most up-to-date [data security practices](#).

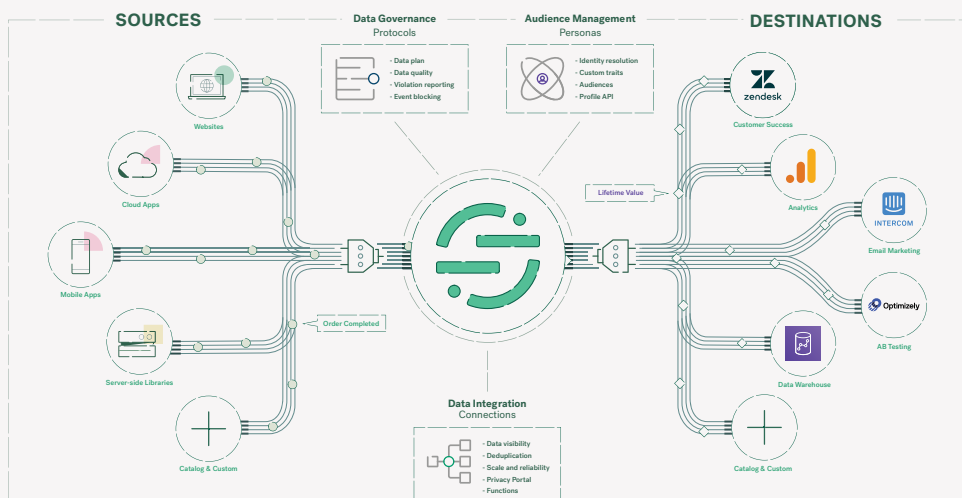
Those three points combined will give you stronger data protection and privacy than you would have without a CDP.

So many companies use CDPs because they let the companies squeeze every last drop out of their data. Data-driven companies understand this. That's why Glossier is winning the ecommerce game, why [Trunk Club](#) can create personalized style profiles, and why [IBM](#) can build strong customer engagement.

How CDPs work

By now, we hope you've realized why a CDP is fundamental for any forward-thinking business. But let's take a step back for a moment. How does a CDP work?

CDPs use [data integration](#), which is the technical process that combines data from multiple data sources and converts it into a format that is easily usable.



Data integration does three things that make it incredibly important for the functionality of your CDP:

- It breaks down data silos by combining data and storing it in one central place.
- It improves the accuracy of your data by removing redundancies.
- It gives you one access point for your data.

There are a few different types of data integration, but for the most part, CDPs use automated data consolidation.

Consolidation involves taking data from a number of sources, unifying it, and storing it in a central data warehouse. It's most often used when you want to reduce the number of places your data is stored. The unification process is what gives you one access point for your data.

Preparing your data for a CDP

To get the most out of your CDP, you'll need to do a bit of work ahead of time. This work will set the ground rules for your data. Without these ground rules, your data can quickly become confusing and useless.

Think of these ground rules like a constitution for your new data government. Without a constitution, your government will collapse into anarchy because there's no framework to build a government.

Following these five steps will give your data a framework to operate and grow from.

1. Create a data governance strategy

Data governance will help you identify what data to track and how it will be tracked. Governance also keeps all employees on the same page regarding the data. That helps ensure your data is accurate, usable, and secure.

Data governance strategies have [three parts](#):

1. **Data tracking:** This is the document that keeps track of the specific data points you're tracking, and why.
2. **Data validation:** This is done with the help of a tool like [Segment Protocols](#) and ensures the data events you've written are collecting data properly.
3. **Data enforcement:** This step ensures that any changes to data collection go through the proper channels and are approved by the right stakeholders.

Before [implementing a data governance strategy](#), Typeform had so many data collection events with different naming conventions that they didn't have a good handle on the data they were collecting.

The company had two data events named **useThisTemplate** and **UseThisTemplate**. Each event collected something different, but without a standardized naming convention, nobody knew which one was correct.

After implementing a data governance strategy, Typeform was able to make better use of their data; they had standard names and enforcement measures to make sure that new data collection events followed the proper protocols.

“Until we started standardizing our data, people didn’t realize how messy it had become. With Protocols, we can be confident that data quality issues don’t happen anymore”

Colin Furlong, Business Intelligence Analyst, Typeform

2. Focus only on critical data

You need to make sure your CDP is collecting only the data that's useful to your company. At best, unnecessary data collection leads to cluttered and stale data. At worst, it can land your company in hot water.

To avoid this, you need to audit every piece of data you collect and ask yourself three questions:

1. Who needs this data?
2. What does it do?
3. If we didn't collect it, could we still operate in the same way?

If you can't answer questions 1 and 2, you don't need to collect that piece of data. If you answer yes to question 3, you don't need to collect that piece of data.

Uber is a prime example of a company that landed in hot water over collecting unnecessary data. In 2017, they were collecting location data on app users after they finished using the app. This led to a lot of negative PR, a public outcry, and [an eventual reversal](#) of their location tracking policy.

3. Understand your data silos

Data silos happen when data is collected by different departments within the same company but is then stored separately. This puts blind spots in your data and means you won't have a full understanding of your customers.

For example, say your payment processor records successful credit card payments with the event, **credit_card_processed**. Unfortunately, that data lives in a silo, so it isn't automatically updated in your company's customer relationship management system (CRM).

One of your salespeople checks the CRM and doesn't see that the payment has gone through successfully. They reach out to the customer about collecting the money, but the customer has already paid. That creates confusion, frustration, and a bad customer experience.

You can avoid this problem by working with other departments in your company to understand what customer data they're collecting, and why. Start by understanding what tools they use to collect customer data. From there, understand what information those tools are collecting.

If you find that the data they're collecting might be living in a data silo, you need to figure out why that silo exists. Some data silos might need to be in place for legal reasons — this is common in health care. But in a lot of other industries, data silos are simply an oversight.

4. Prioritize data security

One of the best parts of CDPs is that they can make your data security stronger. Many CDPs operate with strong data security practices, but it's always a good idea to double-check.

Make sure the platform you're using operates with an [ISO 27001-based security program](#), which means the CDP is continuously evaluating, refining, and augmenting its security standards.

5. Understand data privacy regulations

The GDPR, the CCPA, and other data privacy regulations are affecting how companies collect and store customer data. If you're not aware of the ins and outs of these regulations, you could be leaving your company open to penalties.

Your CDP should be able to help you with compliance by giving you an [easy way to process deletion](#) requests, but you should verify that your CDP has this functionality and determine whether it's relevant to your company.

Making the most of your CDP's data

Today's fastest-growing companies use customer data to answer complex questions about their businesses. With these answers in hand, they can improve the customer experience, reduce churn rate, and increase MRR and ARR. In short, they help companies put customers first.

[DigitalOcean](#), a leading cloud infrastructure provider, suspected that some of their lowest-trafficked content drove more revenue than their content that got a lot of views, but they weren't entirely positive. The problem was, DigitalOcean kept financial data in a system that was separate from marketing data.

To find the answer, they could've downloaded reports and combed through data from their analytics and revenue-tracking tools, but that would have taken weeks. Fortunately for DigitalOcean, their CDP automatically combined data from both systems, which gave them a central repository of customer records and marketing campaigns.

With the help of that central repository, DigitalOcean was able to quickly find the pieces of content that drove 10x revenue. The company then put more of their ad spend behind the pieces of content that drove the most revenue.

That's the power of a CDP.

This process of answering complex questions using data from your customers is called customer analytics. Customer analytics allow you to make business decisions related to marketing, product development, sales, and more.

Without a CDP to sort and consolidate your data, making those decisions can be, at best, time-consuming or, at worst, impossible.

The decisions that customer analytics help you make could be simple ones, such as figuring out which advertising platform is giving you the best ROI. Or they could be complex, like figuring out your entire customer journey and building personalized marketing campaigns to match.

To make the most of your customer data, you'll need a [data warehouse](#) and a business intelligence tool like [Mode](#), [Looker](#), or [Tableau](#) connected to your CDP. These tools require some knowledge of [SQL](#) but if you don't know SQL, you can also look at tools like [Grow](#) and [Chartio](#).

How companies are using customer analytics to solve problems

With customer analytics, the questions you'll be able to answer about your business are nearly endless. To give you a starting point, below are a few questions that companies were able to answer with analytics:

- **How can we personalize TV-show marketing?** Netflix uses data to show personalized trailers for upcoming programs. For House of Cards, Netflix created [10 different trailers](#) based on user preferences. If a user watched a lot of programs that featured strong female characters, Netflix would show that user a preview of House of Cards that was edited to promote the show's female characters.
- **How can we decrease wait times at the drive-through?** Fast-food companies live and die by how quickly they get food to their customers. For that reason, fast-food restaurants [use data](#) to adapt their menus to show items that are quick to prepare when drive-through lines are long. That pushes customers through the lines faster, which keeps them coming back.
- **How does weather affect purchases?** Walmart had a hunch that the weather affected the types of products people bought. The retail giant mined [millions of transactions](#) to find the products that were more popular, based on the weather. One of their most interesting findings was that Pop-Tarts, strawberries, and beer were more likely to be purchased more before a hurricane hit. Walmart took that information and stocked their shelves accordingly.
- **How can we get more sales out of existing customers?** Amazon wanted to figure out a way to sell multiple items to customers who came to the website just to buy one thing. To pull off that difficult task, Amazon used its transaction data to tie relevant purchases together. Now, when a user adds something to their cart, the website tells the user about related products other customers have also purchased. These related products have made a huge impact on Amazon's bottom line, accounting for [35% of their sales](#).

If you're still not sure where to start with customer analytics, here are a few of our favorite questions to answer:

1. **What acquisition source results in the highest LTV?** This helps you figure out which sources deserve more of your budget.
2. **What's the most common customer journey?** If relevant marketing is your goal, this is a question you need to answer.

3. **Is there a time of year where our LTV:CAC ratio is higher?** The answer to this question will help you understand what times of year you should spend more money.
4. **What behaviors lead to higher retention?** This helps you improve your onboarding process. If you can identify these behaviors, you can push users toward those behaviors during onboarding.
5. **What product features do our most valuable customers use?** The answer to this question might uncover some insightful information about your most valuable customers. You can use that information to find additional high-value customers.

Get creative! Those aren't the only questions your CDP can help you answer, but they are a good starting point. Try to find out what questions your leadership team has always wondered about but has never been able to answer. That will give you an excellent place to start and also help prove the value of your CDP.

How CDPs differ from Data Management Platforms (DMPs) and Customer Relationship Management systems (CRMs)

CDPs, data management platforms (DMPs), and customer relationship management (CRM) systems all handle customer data, but the similarities end right there. Other than the fact that they handle data, the three tools have nothing in common.

The biggest difference between all of these platforms is how they use data:

- CDPs collect first-party data automatically and use data to help solve complex business and marketing questions.
- DMPs also collect data automatically but only use that data for advertising.
- CRM systems collect data manually and use that data to help keep track of customer and prospect interactions.

Below is a short comparison of each platform.

CDP vs. DMP

DMPs are specifically created for advertising. They collect large amounts of data from consumers, remove all of the personally identifiable information, and make that data available to advertisers.

This is different from a CDP. CDPs help you create personalized advertising based on your user behavior. DMPs help you advertise to large groups of loosely related people. That makes personalized advertising very difficult with a DMP.

If you're familiar with Facebook's ads platform, it is essentially a DMP. Facebook collects data from its users and makes that data available to companies that want to advertise on the platform.

CDPs can also be used in advertising, but only to create very relevant ads. For example, you can take user data from your CDP, feed it to an ad platform like Facebook, and reach your audience members on that platform. That's how remarketing on Facebook works.

CDP vs. CRM

The difference between these two platforms is pretty simple. [CRMs are](#) most useful when customer data is manually collected. CDPs, on the other hand, are best used when data is collected automatically.

Manual data collection typically happens while salespeople or customer success reps are having conversations with customers and prospects. These conversations might take place on the phone, in person, through email, or via website chat. No matter where they take place, the data collected by the salesperson isn't in a specific format, which makes it hard to automate.

CRMs are made for customer interactions with customer-facing employees. The employees who use CRMs need them to keep track of specific interactions they have had with a customer.

CDPs are made for automated interactions with customers and prospects that usually don't involve an employee. Typically, the employees who use CDPs aren't looking at specific interactions with one customer. They're using customer data at a more significant level to make business and marketing decisions.

The last thing to remember about these tools is who uses them. Customer-facing employees primarily use a CRM. Marketing, product, business analytics, and other back-office employees will use a CDP. DMPs are usually used by advertisers.

CDPs are the key to unlocking your customers

As Glossier found, having a good understanding of your customers is the key to beating your competitors. But as your company builds its customer base, keeping up with your customers' needs becomes difficult.

A larger customer pool means your customers are more varied than ever before. One customer's preferences may be completely different from another's. That's why many companies are turning to CDPs. CDPs give companies the ability to understand their customers and create personalized marketing campaigns.

Ready to get up and running with a CDP? [Head this way.](#)